



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
November 19, 2012
4:30 P.M.

COUNCIL MEMBERS PRESENT:

D. Sterner, R. Corcoran, S. Marmarou, D. Reed, J. Waltman, M. Goodman-Hinnershitz, F. Acosta

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Younger, D. Cituk, C. Snyder, V. Spencer, L. Agudo

The Committee of the Whole meeting was called to order at 4:36 pm by Finance Chair D. Reed.

I. Remaining Budget Issues

Ms. Snyder stated that the budget now contains a contingency of approximately \$1 million. She stated that the police line items will need to be reviewed after clarification from legal staff is received regarding the arbitration ruling. She stated that there should be no major changes to the draft police budget.

Mr. Bembenick arrived at this time.

Mr. Waltman questioned the amount of the contingency fund. Mr. Bembenick stated that it currently stands at \$1.25 million.

Mr. Bembenick explained that Mr. Kersley has spoken with Mr. Solivan from PFM regarding the housing revenue. He stated that housing revenue will increase approximately \$300,000 which was added to the contingency amount.

Ms. Snyder stated that she is currently performing a line by line review of revenue items.

Ms. Goodman-Hinnershitz arrived at this time.

Mr. Waltman requested an updated budget spreadsheet for review. Mr. Bembenick distributed copies to Council.

Mr. Waltman questioned the pension issue. Mr. Cituk stated that his preliminary amount is \$200,000. He stated that he is still trying to confirm the number of employees.

Mr. Zale arrived at this time.

Mr. Waltman questioned the amusement tax issue. Mr. Bembenick stated that the increase to the amusement tax requires a Council amendment. The amendment will increase the number of venues that the tax can be applied to which will increase revenue by \$200,000.

Ms. Reed questioned if the increase in amusement tax is included in the 2013 revenue budget. Mr. Bembenick stated that it is included.

Ms. Goodman-Hinnershitz explained that this item was discussed during the transition but that further discussions and specific information are needed.

Mr. Waltman stated that the expansion of this tax is still exploratory. Mr. Bembenick stated that \$600,000 revenue for amusement tax is included in the 2013 budget. Mr. Cituk explained that the City receives approximately \$400,000 in this line item now. He stated that legislation is needed to expand the tax.

Ms. Reed stated that this increase assumes that Council will support the expansion of the tax.

Mr. Waltman suggested that the Administration reduce this line item until further discussions occur.

Mr. Waltman cautioned Council regarding further reducing the property tax increase. He stated that changes to taxes affect the overall budget.

Ms. Reed questioned if there were other situations in the budget similar to the amusement tax expansion. Mr. Bembenick stated that there were not. He stated that all other items are realistic and conservative. Ms. Snyder explained that the streetlight assessment was removed from the 2013 budget for reasons similar to the amusement tax expansion. She stated that the removal of the expansion of the amusement tax reduces this line item by \$200,000.

Mr. Waltman stated that the budget is very close to completion. He stated that the tax issue remains and that Council will decide this as a body. Mr. Bembenick expressed the belief that the budget is more conservative than excessive and that any surprises in 2013 will be to the positive.

Ms. Snyder stated that the amendment to the Recovery Plan includes a non-resident EIT for 2013 and 2014. It is to be eliminated in 2015.

Ms. Reed stated that the Courts decide on the non-resident EIT matter. She stated that the County Commissioners are positioning to oppose the non-resident EIT. She questioned if this would be problematic for the City and how it may affect the Court's decision. Mr. Younger suggested this be discussed in executive session.

Mr. Waltman noted the need for the Recovery Plan to be further amended. He stated that PFM should continue to review the issues and amend the Plan as necessary.

Ms. Goodman-Hinnershitz stated that all plans can be amended. She stated that amendments are part of the process.

Mr. Waltman stated that he pushed PFM for the current amendment and noted that additional amendments should not wait until the last minute.

Mr. Acosta arrived at this time.

II. Position Ordinance

Mr. Bembenick distributed the spreadsheet showing the proposed positions for 2013.

Mr. Acosta requested a review of the spreadsheet.

Mr. Bembenick highlighted the following offices:

- Mayor's office - add one part time employee
- Human Relations Commission - add one part time employee
- Council Office - reduced by one part time employee
- Purchasing office - reduced by one part time employee
- IT Division - reinstated the web designer and has unfunded the trainer
- CSC office - reduced by three full time employees
- Human Resources Division - reduced one full time and adds one full time – the Diversity Officer will be furloughed
- Engineering office - employees will be paid through the sewer fund
- Highways office -reduced by seven full time employees (*Note: this reduction occurred in the 2011 budget. No further staff reductions planned for 2012*)
- Parks office - reduced by two full time who will move to Sewer Enterprise Fund – this does not reflect the \$30,000 additional funding restored
- Public Property office - reduced one full time employee
- Criminal Investigations office - adds two part time employees
- Special Services office - reduced two part time employees
- Police Administration office reduced one full time employee
- Suppression Division- adds one full time employee

- Property Maintenance Division - reduced two part time employees
- Trades office - reduced one part time employee
- CD HUD office - reduced one full time employee
- Sewer office - add one full time and two part time employees transferred from Parks (Enterprise Fund)
- WWTP office - add one part time employee transferred from Engineering (Enterprise Fund)
- Recycling/Trash office - add two full time and reduce three part time employees (adjustment is expenditure neutral)

Mr. Cituk questioned adding the fourth EMS crew. Ms. Snyder stated that this is still under discussion. She stated that the position ordinance will be amended if necessary.

Mr. Bembenick stated that overall seven full time and ten part time employees are eliminated.

Ms. Goodman-Hinnershitz stated that she will be examining each division before making a decision.

Mr. Corcoran questioned the budget number these positions equaled. Ms. Snyder stated that this information is not known.

Ms. Reed noted her concern with the reduction of highway employees as the City streets are already in poor condition. She questioned the continued cuts to Public Works.

III. CDBG Action Plan

Mr. Murin arrived at this time.

Ms. Goodman-Hinnershitz stated that the CDBG budget was reviewed prior to passage last week. She stated that she voiced concern with the elimination of Olivet funding and there was public comment regarding funding to a senior center. She stated that discussion centered on future amendments to funding.

Ms. Reed noted that if organizations are affected decisions should be made quickly.

Ms. Goodman-Hinnershitz noted the need to inform these organizations as soon as possible.

Mr. Waltman noted the need to be careful with funding. He stated that Council voted to fund organizations and they will be counting on that funding. He stated that Council traditionally has never pulled funding from an organization after passing the Action Plan.

Ms. Reed stated that her vote was then made in bad faith.

Mr. Acosta stated that he allowed the special meeting to go forward under the impression that amendments could be made to the Action Plan. He stated that Council traditionally waits until all members are present to vote on important legislation.

Mr. Waltman again cautioned Council about rescinding funding to outside organizations.

Ms. Reed stated that Council always has the right to make amendments. She noted the need to vote at the special meeting to meet the HUD deadline for funding.

Mr. Waltman stated that the option to amend is there but it looks unprofessional to rescind funding. He stated that a former Council spent three hours live at the table amending the Action Plan before passage. He stated that rescinding funding is not best practice.

Ms. Snyder explained that library funding was reduced without amendment to the Action Plan because fewer funds were received. Mr. Agudo stated that generally this happens only if funds are reduced by Congress. He stated that in this case the funds are adjusted by the Administration. He stated that Council has approved the entities to receive funding in the 2013 Action Plan and explained that entities cannot be defunded by 100%.

Ms. Snyder questioned if the reduction was proportional. Mr. Agudo stated that it depends on the cap.

Mr. Sterner noted his agreement with Mr. Waltman but stated that the Action Plan was passed to meet the HUD deadline. He noted the need to begin the amendments as soon as possible.

Mr. Acosta stated that the process must be done better next year. He stated that if it is not, the City will not receive HUD funding.

Mr. Waltman questioned the specific amendments. He noted that he suggested that BCTV attend a Council meeting to discuss the issues. He noted the need to make adjustments based on facts. He stated that passage of the Action Plan is public acknowledgement of Council's support of the plan.

Ms. Reed noted that Olivet performs a public service and public safety is involved. She stated that BCTV is a redundant service and that seniors are underserved.

Mr. Acosta stated that the City is no longer the second United Way. He noted his preference that all Councilors be present for passage of important legislation and stated that he was given the impression that amendments could be made to the Action Plan. He noted the need for Council to exercise their ability to vote no on legislation that they do not agree with.

Mr. Sterner noted the need to not allow this issue to linger.

Ms. Goodman-Hinnershitz stated that the City is in a totally different financial position now and noted the need for the City to do business differently. She noted the need to study the allocation and have more dialog when compiling the 2014 Action Plan. She suggested making amendments after further review. She stated that organizations can no longer depend on City support.

Mr. Waltman noted the need for the Council vote to meet the deadline imposed by HUD. He suggested budgeting more time for more in-depth review in the future.

Mr. Waltman questioned the unprogrammed funds and suggested that these be used to fund additional organizations. Mr. Acosta disagreed with this approach. Ms. Kelleher stated that amendments are by resolution but that there are advertising requirements.

Mr. Agudo explained that the City must follow HUD's amendment process. He stated that he must know Council's intentions to ensure that an application has been received and the entity is eligible for public funds. He stated that he is willing to inform Council of the current unprogrammed amount available. He stated that the resolution must be drafted and published. There is also a public comment period. He stated that the resolution is eligible for vote in 60 days. He requested that Council work with him to ensure HUD compliance.

Mr. Acosta noted the need to have accurate information in the future.

Mr. Corcoran stated that he received an email stating that the Action Plan needed to be passed to meet the HUD deadline and that amendments could be made. He stated that the email noted that further discussions would be held after the trip to Detroit.

Ms. Snyder stated that she sent that email. He stated that she did not understand the process at the time the email was sent.

Mr. Corcoran questioned reallocating funds. Mr. Waltman stated that this is possible but is not a best practice. He stated that threats should not be made with HUD funding.

Ms. Reed stated that the City is full of underserved people and the City needs to help those in need.

Mr. Marmarou stated that BCTV serves the elderly. He stated that he hears this often when speaking with residents. Ms. Reed questioned if these residents have enough to eat. Mr. Marmarou did not know this information.

Mr. Agudo stated that it would be helpful for him to know Council's intentions. He stated that allocations can be reduced but cannot be eliminated. He stated that a new entity can only be funded through unprogrammed funds after the application process is completed. He stated

that Council must be specific with their intentions so that he can ensure that the process is followed.

Ms. Goodman-Hinnershitz questioned if an application was submitted but no funding was allocated if the same application can be used. Mr. Agudo stated that it can.

Ms. Goodman-Hinnershitz stated that there is a new practice with a formula to determine the level of funding. She offered to review this with Mr. Agudo.

Mr. Acosta questioned if the reallocation was for Olivet. Ms. Goodman-Hinnershitz stated that it is. Mr. Corcoran added that Family First Senior Center should also be considered.

Mr. Spencer explained that many applications are received but that there is limited funding. He stated that the City uses CDBG funds to alleviate some expenses from the general fund. He stated that they are also used to fund the Human Relations Commission. He noted the need to follow the HUD cap guidelines. He stated that all funding impacts Reading's citizens.

Mr. Spencer noted his concerns with the Wells Fargo project at Reading Iron Playground and the involvement of Family First in this project. He noted the need for Council to understand that organizations also receive other public funding. He cautioned Council on funding one senior center as then all senior centers will expect future funding. He stated that many applications needed to be denied. He cautioned that choosing one organization will lead to many others expecting funding.

Mr. Sterner stated that there are many philosophies but that Council should work with the Administration on the amendment.

Mr. Corcoran questioned if the Family First Senior Center application met the HUD criteria. Mr. Agudo noted the need for a review of the application. He stated that the Administration had to prioritize funds and that much is used for City services.

Ms. Goodman-Hinnershitz noted the need to work together on the amendments. She stated that with limited funding there are no win-win situations.

Ms. Reed noted the need to begin work on the amendments.

Ms. Butler, Mr. Johnson, Mr. Miravich and Mr. Jones arrived at this time.

IV. Muhlenberg Inter-Municipal Agreement

Mr. Miravich stated that he was available for questions. He stated that the Muhlenberg Commissioners have already signed the agreement.

Mr. Sterner questioned if other agreements were near completion. Mr. Miravich stated that the agreement with Laureldale is almost complete. He stated that Cumru and Spring Townships want financial changes that may be problematic. He stated that, after the City, Muhlenberg is the top user and Laureldale is the fourth highest user.

Mr. Spencer questioned the percentage that entails. Mr. Johnson stated that it is approximately 80%.

Mr. Jones stated that there was also a very good meeting recently with Kenhorst.

V. Executive Session

Mr. Younger noted the need for Council to enter executive session to discuss a personnel issue and pending litigation. Council entered executive session at 5:45 pm and exited at 6:20 pm.

VI. Agenda Review

Mr. Acosta noted the need to add a resolution regarding the Reading Area Transportation Study (RATS) Committee.

Council reviewed this evening's agenda including the following:

- Ordinance amending the Building and Trades fees

Ms. Snyder explained that these fees have not been updated for many years. She stated that the new fees are based on fees charged by other local municipalities.

- Resolution establishing a bank account for NSP2 funds

Ms. Snyder explained that this will be a City account and have all other City account requirements but is necessary as HUD will not allow the co-mingling of funds.

- Award of Contract sewer rate study

Ms. Snyder stated that the sewer rates must be studied before the City can obtain bond financing for WWTP projects.

Mr. Jones explained that the rate study is required for the bonds which will be needed shortly. He stated that there was an RFP committee and that this firm is their recommendation.

- Oppose zoning variance at 1711 Hampden Blvd

Mr. Marmarou requested Council support on this issue. He stated that this has been a four year battle. He stated that the pre-existing, non-conforming use was removed by the Commonwealth Court and that the zoning has reverted back to R-1.

Mr. Waltman stated that Council should give its support to this resolution. He stated that the same business should not be able to continue applying for zoning. He stated that the Zoning Ordinance has too many loopholes. Ms. Kelleher stated that she has requested the assistance of the County Planning Commission on this issue.

Ms. Goodman-Hinnershitz noted her concern about this issue. She questioned if it was realistic to believe this would ever return to single family use.

Mr. Marmarou stated that several families have looked at the property. Ms. Kelleher stated that those interested would live in the main house and have a business in the annex.

Ms. Goodman-Hinnershitz noted the need for the business to obtain zoning.

Mr. Spencer questioned how Council is requesting opposition from the Administration. Ms. Kelleher requested that the Administration be present at future hearings.

Ms. Reed agreed and stated that this sets a precedent that every community group receives Council support when they oppose an issue in their neighborhood.

Mr. Acosta stated that this specific organization has been problematic for the City.

Mr. Waltman agreed and stated that this is a special circumstance. He stated that this is a long and hard fought battle. He stated that these citizens need the City's support and assistance. He noted that the City intervened in several other zoning matters.

Mr. Acosta suggested that this be removed from the consent agenda for separate vote. Ms. Goodman-Hinnershitz and Ms. Reed agreed.

- Ordinance transferring contingency funds to Purchasing

Mr. Bembenick explained that this is to continue the County radio system. He stated that the new system is not yet operational.

- Ordinance creating an Amnesty Program for Housing and Quality of Life Violations

Mr. Acosta stated that this is an excellent idea. He questioned how much the Administration estimates the revenue possible from the program. Mr. Bembenick stated that the estimate is \$700,000.

- Resolution naming Mr. Acosta as a City Representative to the Reading Area Transportation Study (RATS) Committee

Mr. Acosta stated that the County has contacted him that the City needs to have more active representation. He stated that the City is missing opportunities if they are not present at all meetings. He stated that Mr. Waltman and Mr. Sterner are not being removed as representatives.

Mr. Waltman suggested that the Finance Chair also be named as a representative. He stated that that is how he became involved in this Committee.

Mr. Acosta suggested that he and Ms. Reed be named as City representatives.

Mr. Sterner stated that mostly County projects are discussed.

Mr. Jones stated that he serves on the RATS Technical Committee.

Mr. Waltman stated that it is unfair to say that the City is not represented at meetings.

The Committee of the Whole meeting adjourned at 6:43 pm.

*Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk*